

# News

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## **WORKER DISPLACEMENT, 1999-2001**

During the January 1999 through December 2001 period, 4.0 million workers were displaced from jobs they had held for at least 3 years, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. The number of displaced workers increased from 3.3 million in January 1997 through December 1999. The more recent period includes the recession that began in March 2001 and the resulting slowdown in the labor market. In contrast, the prior survey covered a period of strong employment growth and declining unemployment.

Since 1984, the Employment and Training Administration of the U.S. Department of Labor has sponsored surveys that collect information on workers who were displaced from their jobs. These surveys have been conducted biennially as supplements to the Current Population Survey (CPS), a monthly survey of households that is the primary source of information on the nation's labor force.

Displaced workers are defined as persons 20 years of age and older who lost or left jobs because their plant or company closed or moved, there was insufficient work for them to do, or their position or shift was abolished. The period covered in this study was 1999-2001, the 3 calendar years prior to the January 2002 survey date. The following analysis focuses primarily on the 4.0 million persons who had worked for their employer for 3 or more years at the time of displacement (referred to as long-tenured). Another 6.0 million persons were displaced from jobs they had held for less than 3 years (referred to as short-tenured). Combining the short- and long-tenured groups, the number of displaced workers totaled 9.9 million, up from 7.6 million in the prior survey. Results from the January 2002 survey included the following highlights:

- Nearly two-thirds of the long-tenured displaced were reemployed at the time of the survey.
- Nearly half of the long-tenured displaced workers cited plant or company closings or moves as the reason for their displacement.
- Forty-three percent of displaced workers who had worked for their employer for 3 or more years had received written advance notification that their jobs would be terminated. Those who had received advance notice, however, were no more likely to be reemployed in January 2002 than were those who had not received advance notice.
- One-third of long-tenured displaced workers lost jobs in manufacturing. This proportion continued to be much larger than the industry's share of long-tenured employees. (Long-tenured employment is defined as the number of persons employed for 3 years or more as measured by the CPS supplement on job tenure.)

- Just over half of long-tenured workers who were displaced from full-time wage and salary jobs and who were reemployed in such jobs had earnings that were lower than those on the lost job. Among this group of reemployed full-time workers, about 3 in 10 experienced earnings losses of 20 percent or more.

### Characteristics of the reemployed

Sixty-four percent of the 4.0 million long-tenured displaced workers were reemployed when surveyed in January 2002. The proportion unemployed at the time of the survey was 21 percent. The remaining 15 percent of long-tenured displaced workers were not in the labor force. (See table 1.)

In January 2002, reemployment rates for workers ages 20 to 24 and those in the central-age group (ages 25 to 54) were roughly the same—about 70 percent. By comparison, reemployment rates were lower for older workers ages 55 to 64 (51 percent) and 65 years and older (20 percent). Large proportions of older displaced workers were not in the labor force when surveyed.

Men and women's shares of displacement were about equal to their shares of long-tenured employment. In January 2002, men and women had similar reemployment rates, 65 and 62 percent, respectively. Women were slightly less likely to be unemployed than men, but the proportion of displaced women who had left the labor force, at 19 percent, was higher than for men—12 percent.

In January 2002, whites (65 percent) were more likely to be reemployed than either blacks (58 percent) or Hispanics (55 percent).

### Reason for job loss and receipt of advance notice

Of those long-tenured workers displaced from January 1999 through December 2001, 47 percent lost or left their jobs due to plant or company closings or moves, 25 percent cited insufficient work as the reason for being displaced, and 27 percent reported that their position or shift was abolished. (See table 2.) These proportions were about the same as those reported in the prior survey.

More than 4 in 10 displaced workers received written advance notice that their jobs would be terminated. In January 2002, workers who lost jobs due to plant or company closings or moves were most likely to have received written advance notice of their impending job loss. Of this group, 55 percent received such notice; in comparison, 38 percent of workers displaced because of shift abolishment and only 26 percent of those who lost jobs due to insufficient work were notified in advance. Regardless of the reason for displacement, receipt of written advance notice appears to have had little impact on the likelihood of being reemployed in January 2002. Reemployment rates were essentially the same for those who did and those who did not receive advance notice—63 and 64 percent, respectively. (See table 3.)

### Industry and occupation

As in prior surveys, manufacturing accounted for a disproportionately large share of displaced workers. During the 1999-2001 period, 1.3 million factory workers were displaced from their jobs—one-third of all long-tenured displaced workers. This share was much higher than manufacturing's 19 percent share of total long-tenured employment. Manufacturing displacements were concentrated in durable goods industries, particularly in machinery. (See table 4.)

Displacements in wholesale and retail trade (723,000) accounted for 18 percent of all long-tenured workers displaced during the 1999-2001 period. Long-tenured displaced workers in transportation and

public utilities (295,000) and in finance, insurance, and real estate (284,000) each accounted for 7 percent of total displacement.

The reemployment rate for displaced manufacturing workers was 56 percent, lower than the overall reemployment rate for displaced workers. (These workers were not necessarily reemployed in the same industries from which they were displaced.) Reemployment rates for workers displaced from the other major industry groups ranged from 62 percent for workers displaced from construction and from transportation and public utilities to 71 percent for workers who lost jobs in finance, insurance, and real estate and in government.

The occupational composition of displaced workers was similar to that recorded in the 2000 survey. In the January 2002 survey, persons in managerial and professional specialty jobs accounted for 30 percent of all long-tenured displaced workers. This proportion is slightly less than this occupational group's share of total long-tenured employment. Workers displaced from technical, sales, and administrative support occupations comprised 29 percent of all displaced workers, matching their share of total long-tenured employment. In contrast, operators, fabricators, and laborers were disproportionately affected by job loss. These workers made up 19 percent of the long-tenured displaced, but only accounted for 14 percent of total long-tenured employment. Workers in these occupations tend to be employed in manufacturing. (See table 5.)

The proportion of displaced workers who had found new jobs when surveyed was highest for mechanics and repairers (82 percent) and lowest for machine operators, assemblers, and inspectors (49 percent).

#### Geographic divisions

Compared with the prior survey, the number of workers displaced in each geographic division in the United States increased during the 1999-2001 period. The distribution of displacement among the divisions, however, was about the same as in the prior survey. In terms of employment status at the time of the January 2002 survey, the Pacific and Middle Atlantic divisions had the largest proportions of displaced workers who were unemployed in January 2002—28 and 24 percent, respectively. Displaced workers in these divisions also were least likely to have found new jobs; the reemployment rate for workers in the Middle Atlantic division was 54 percent and in the Pacific division was 60 percent. (See table 6.)

#### Earnings

Of the 2.3 million reemployed displaced workers who lost full-time wage and salary jobs during the 1999-2001 period, 1.9 million were working again in such jobs in January 2002. Of these reemployed full-time workers, about 48 percent were earning as much or more in their new jobs as they had earned on the job they lost. This was lower than the proportion recorded in the February 2000 survey (58 percent). In January 2002, 29 percent reported earnings losses of 20 percent or more. (See table 7.)

#### Total displaced workers (with no tenure restriction)

The total number of workers displaced during the 1999-2001 period (regardless of how long they had held their jobs) was 9.9 million, more than the number displaced during the 1997-99 period—7.6 million. Nearly two-thirds of the total displaced had found new jobs when surveyed in January 2002, while 22 percent were unemployed and 14 percent were not in the labor force. (See table 8.)

Compared with the long-tenured displaced workers, the short-tenured were more likely to be young and to have lost jobs in services and retail trade.

# Technical Note

The data presented in this report were collected through a supplement to the January 2002 Current Population Survey (CPS), the monthly survey of about 60,000 households that provides the basic data on employment and unemployment for the nation. The purpose of this supplement was to obtain information on the number and characteristics of persons who had been displaced (as defined below) from their jobs over the prior 3 calendar years.

Information in this release will be made available to sensory impaired individuals upon request. Voice phone: (202) 691-5200; TDD message referral phone number: 1-800-877-8339.

## Reliability of the estimates

Statistics based on the CPS are subject to both sampling and nonsampling error. When a sample, rather than the entire population, is surveyed, there is a chance that the sample estimates may differ from the “true” population values they represent. The exact difference, or *sampling error*, varies depending on the particular sample selected, and this variability is measured by the standard error of the estimate. There is about a 90-percent chance, or level of confidence, that an estimate based on a sample will differ by no more than 1.6 standard errors from the “true” population value because of sampling error. BLS analyses are generally conducted at the 90-percent level of confidence.

The CPS data also are affected by *nonsampling error*. Nonsampling error can occur for many reasons, including the failure to sample a segment of the population, inability to obtain information for all respondents in the sample, inability or unwillingness of respondents to provide correct information, and errors made in the collection or processing of the data.

For a full discussion of the reliability of data from the CPS and information on estimating standard errors, see the “Explanatory Notes and Estimates of Error” section of *Employment and Earnings*.

## Concepts

The first question asked of survey respondents was, “During the last 3 calendar years, that is, January 1999 through

December 2001, did (you/name) lose a job or leave one because: (your/his/her) plant or company closed or moved, (your/his/her) position or shift was abolished, there was insufficient work, or another similar reason?” If the answer to that question was “yes,” then the respondent was asked to identify which reason, among the following, best described the reason for the job loss:

- Plant or company closed down or moved
- Plant or company operating but lost or left job because of:
  - Insufficient work
  - Position or shift abolished
  - Seasonal job completed
- Self-operated business failed
- Some other reason

Respondents who provided one of the first three reasons—plant or company closed or moved, insufficient work, or position or shift abolished—were then asked questions about the lost job, including how many years it had been held; the year the job was lost; its earnings, industry, and occupation; and whether health insurance had been provided. Other questions were asked to determine what transpired before and after the job loss, such as: Was the respondent notified of the upcoming dismissal? How long did he/she go without work? Did he/she receive unemployment benefits? And, if so, were the benefits used up? Did the person move to another location after the job loss to take or look for another job? Information also was collected about current health insurance coverage (other than Medicare and Medicaid) and current earnings for those employed in January 2002.

Reemployment rates and other measures concerning a worker's current employment status may not be strictly comparable between the 2002 and 2000 surveys. In 2002, the survey was conducted in January and, in 2000, it was done in February. Between January and February of each year, there is usually a large seasonal increase in employment. Hence, it is possible that reemployment rates as measured in any given January may be lower than those measured in February because of this seasonal employment pattern. However, in the January 2002 data, it is not possible to disentangle the effects of the seasonal pattern on the data from cyclical or other economic factors.